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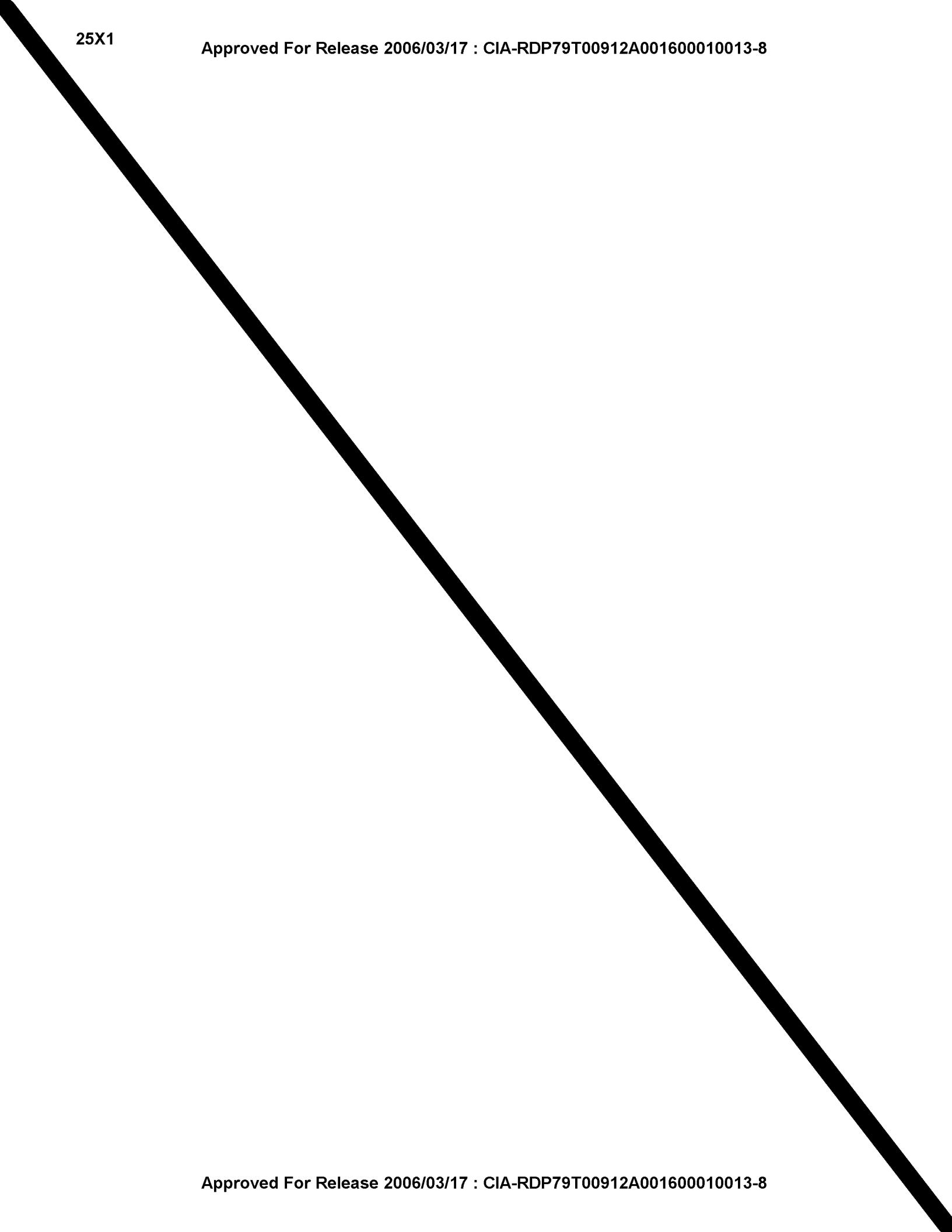

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WESTERN EUROPE

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West Germany - USSR: Upgrading of Bilateral Relations?

"Hitlers come and go, the German nation remains."
Statement attributed in 1942 to Josef Stalin.

West German leaders interpret the appointment of Deputy Minister of Foreign Affairs Vladimir Semenov as Ambassador to West Germany as an indication the Soviets intend to upgrade bilateral relations. The choice of Semenov, respected in Bonn for his appreciation of German culture, history and national outlook, has also stirred hope among nationally minded West German idealists that--to quote the weekly Der Spiegel--"interesting times" are in prospect. In particular, the new Soviet Ambassador is seen by many West Germans to be a spokesman for a "classical"* or "traditional" Soviet Westpolitik that stresses good relations with Germany more than "partition strategy and ideological dominance" (Spiegel). Long Moscow's expert on German affairs, Semenov will be well received in Bonn, but too much may be expected of him by his West German hosts.

West German perceptions have in large part been shaped by Semenov's reputation acquired during his German service in the early Cold War. At that time he was recognized as more urbane, cultured, and conciliatory than other Soviet representatives and this image persists. Yet foreigners react to him in different ways. Many, especially West Germans, regard Semenov as cultured and erudite; others find him snobbish and pedantic. During SALT negotiations, however, where he has been the chief Soviet negotiator since 1969, Semenov's flexibility has seemed more style than substance. Despite allusions to

*West German sources use the word "classical" or "traditional" to describe a policy aimed at good relations with Germany as a whole, not focused on the advancement of East German interests. Spiegel calls it a policy that favors good relations with Germany over "partition strategy and ideological dominance" and avers that such a policy is preserved through all Moscow changes of leadership.

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German and European cultures, he was always careful to address matters of substance from prepared drafts and never allowed himself to be drawn into informal give and take on negotiable issues. Moreover, the guidelines of Moscow's German policy, like the interzonal boundary, are less subject to revision than they were when Semenov returned from Berlin to Moscow in 1954.

The German Angle

Semenov, 67, has an extensive background and experience in German culture, history, and politics. In 1937, he graduated from the Chernyshevskiy Institute of History, Philosophy, and Literature, where he claims to have studied German history and philosophy, concentrating on German thought from Goethe through Kant, Hegel, Fichte, and Feuerbach to Karl Marx. According to the West German press, Semenov's dissertation was on the "Functional Unity of German Philosophy and History."

Entering the diplomatic service in 1939--an era of cooperation between Germany and the Soviet Union stemming from the nonaggression treaty of 23 August 1939--Semenov was posted to Kaunas, Lithuania, where he served under Ambassador Vladimir Dekanozov, a Soviet Georgian politician and security specialist who presided over the incorporation of Lithuania into the USSR. Dekanozov went next as Ambassador to Germany and Semenov followed, becoming Counselor of Embassy in Berlin in December 1940. Such was Dekanozov's view of the Hitler government, [redacted] 25X1 25X1 that the Ambassador, ignoring a series of intelligence warnings, arranged for the embassy staff a picnic in Stettin on the day the Wehrmacht attacked the Soviet Union in June 1941.

Exchanged with diplomatic colleagues via neutral Turkey after the German invasion, Semenov spent a year in the wartime Soviet Union, reportedly as chief of the Third European Department (German affairs) of the Foreign Ministry, then was posted to Stockholm. There he served until 1945, presumably as a Germany watcher.

Separate Eastern Peace?

Semenov allegedly was involved in Soviet peace feelers to Nazi Germany during his stay in Stockholm.

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According to the memoirs of a former nazi foreign ministry official,* an intermediary, who claimed to be acting at the behest of Semenov, proposed on three separate occasions that Germany and the USSR agree to a ceasefire and acceptance of the 1939 borders. The German official claimed to be told by the intermediary that Moscow was prepared to send Dekanozov to Stockholm for talks on a ceasefire.

Although the seriousness of these proposals or their true purpose is not known, the events and the view ascribed to Semenov are nevertheless plausible. Germany, after Stalingrad, should recognize the impossibility of victory in the east, according to this view, and both nations should cut their losses by not playing out the ruinous military struggle. Semenov allegedly said Moscow felt matters in eastern Europe from Finland to the Dardanelles could only be organized with Germany and not with the Western Powers. Moreover, an Italian diplomat who had served in Stockholm at that time reported that Semenov had a "weakness for Germans" and a feeling that German culture should be preserved.

The Postwar Years

Semenov returned to Berlin in August 1945 as deputy to the political adviser to the chief of the Soviet Military Administration (SMA), became the political adviser in early 1946, and for the next seven years was one of the three top occupation officials (along with the ambassador and the chief of the SMA). In postwar Berlin, Semenov became known as the softliner in the Soviet triumvirate. He told US Ambassador Robert Murphy in November 1946 that allied agreement on the economic unity of Germany was attainable. Rumors were common that Semenov opposed the "Sovietization" of East Germany, that he favored German unification and neutralization, and that he opposed the Soviet action that led to the Berlin blockade. German politicians sought out Semenov in attempts to gain amelioration of blunt and questionable judgments by Stalinists in the occupation regime.

*See Kleist, Peter; Zwischen Hitler und Stalin (Athenaeum Verlag Bonn, 1950), for details on the participants and circumstances of the alleged peacefeelers. Western press reports of Semenov's involvement are primarily based on the Kleist account.

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An action of that era, said by Spiegel to have reflected Semenov's advice, was Stalin's "offer of reunification." This was the Soviet proposal of 10 March 1952 for a German peace treaty, one of many proposals advanced by both sides during the occupation period that assumed the goal of German unity. The Soviet proposal of March 1952 was not distinguished from others of the type except by the subsequent growth of a legend that it was the last serious Soviet offer of national unity and that Chancellor Adenauer should have been more responsive. Spiegel has been the main disseminator of this legend.

Uprising in East Germany

Semenov's credentials as a German expert were enhanced by his perceived role and stance during the 1953 uprising in East Germany. He was recalled to Moscow in April 1953 when Moscow, at loggerheads with East German chief Walter Ulbricht, was urging on Ulbricht a "new course" that would ease pressures on the East German workers. On 14 May, the 13th Plenum of the East German Party (SED) decided for a 10-percent increase in work norms, in effect defying the "new course."

One advocate of a "new course" for East Germany among Soviet leaders was Lavrentiy Beriya who, in the early post-Stalin weeks, secured the appointment of his friend and Semenov's former associate, Dekanozov, as Interior Minister of Soviet Georgia. Dekanozov reportedly still retained influence at the Foreign Ministry and presumably also opposed the policy of Ulbricht. On 28 May Semenov was sent back to Berlin as the High Commissioner of the USSR in Germany with enhanced political authority; the job of ambassador was soon abolished and the military chief was limited to command of Soviet armed forces.

Semenov arrived in Berlin on 5 June and shortly thereafter presented the "new course" demands to the SED Politburo. Resolutions incorporating them were approved by the Politburo on 9 June and published by the main party newspaper (Neues Deutschland) the following day. Containing unprecedented "self-criticism," as well as reform, they were widely viewed as a rejection of Ulbricht's "construction of socialism."

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Some SED functionaries opposed Ulbricht in Politburo sessions that extended through the East German uprising of 17 June. There were reports that Semenov encouraged them in such actions. On the other hand, it was said that Semenov did not press for removal of Ulbricht during a critical session on the day of the uprising. As Soviet troops were restoring order in East Germany, Ulbricht prevailed. In the Soviet Union, concurrently, the tide turned against Beriya. Among those arrested with Beriya was Dekanozov, who was also executed in December 1953.

Through all this Semenov remained Moscow's man in Berlin, presumably because Beriya's challenge was domestic and there had been broad agreement in Moscow on the "new course" for East Germany. Still Beriya was accused--although not in the official Soviet statement on his fall--of "capitulationism" in German policy, and Semenov demonstrated prudence, as well as practical sense and perhaps good fortune, by emerging unscathed. The "new course" remained SED policy after 17 June, even under the leadership of the man who disputed it and asserted, years later, that Beriya had wanted to sell out East Germany. Semenov is remembered as an adversary of Ulbricht, without doubt the most widely disliked political figure in modern Germany.

Semenov remained High Commissioner for a year after the uprising, reportedly dispensing advice freely to the SED Politburo. In June 1954, after an injury in an automobile accident, he went to Moscow for recuperation. In July, he was again named chief of the Third European Department. Since his appointment as Deputy Minister of Foreign Affairs in March 1955, Semenov, although responsible for German and Austrian affairs, has been more active in other foreign areas. He has shown up regularly, however, on visits to Bonn and East Berlin, usually in the company of some high-level Soviet politician. In April 1958, while convalescing from a heart attack, Semenov was awarded the USSR's highest civilian decoration, the Order of Lenin, for his work in postwar Germany.

Welcome by Bonn

The welcome by Bonn officialdom of Semenov's appointment and the generally approving tone of West German editorial comment signifies something more than an acknowledgment of his understanding of Germany and German culture.

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It also reflects personal reactions of West German leaders who have met Semenov, including Chancellor Helmut Schmidt, who was impressed by the Russian's almost native German and his ability to recite from memory Goethe, Heine, and other German masters.

The Soviet has received and charmed both socialists and conservatives now active in Bonn. Probably they overestimate his influence on Soviet policy toward West Germany, seeing in Semenov's ability to appreciate German attitudes a focus on reality. In fact, his career suggests that the firm focus is on Moscow realities, that his knowledge of Europe and Germany serves less to correct misunderstandings at the Soviet policy level than to qualify Semenov as spokesman best able to put a good face on what is decided by Soviet leaders.

Semenov has somehow managed to keep alive his reputation as advocate of good relations with West Germany, although his achievement in this respect is not apparent from postwar German developments. A policy that accepts a united Germany would possibly be conceivable to Semenov if it also stipulated that Germany be neutral. [redacted] 25X1

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However unrealistic, the concept of a neutral Germany retains emotional attraction for Germans. A German official who studies East German developments spoke, in connection with Semenov, of a "classic" Soviet policy aimed at German neutrality that would sacrifice the East German state. This ambassadorial appointment, he observed, would cause mistrust among "certain persons" in East Berlin. But he advanced this view as of theoretical interest only, because the Pankow regime would not be for sale unless there were a powerful and, from the Soviet view, reliable force for neutrality in West Germany. There is no such force now.

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Bonn officials, noting Semenov's identification with the concept of a unified and neutral Germany, tend to discount such thinking, not only because it appears unreal but also because exploration of this topic is mischievous to alliance relations. Such talk, however, will not be eschewed by the national idealists, for example editors of Spiegel, whose warm welcome for Semenov preceded the official request for Bonn's approval of his appointment and is doubtless attributable mainly to that magazine's Soviet sources. The liberal Sueddeutsche Zeitung probably had Spiegel in mind when it remarked--after observing that there is in Semenov at least a relic of the old view that a complete and friendly Germany is better than a small part of the same--that Moscow has nothing against nationally minded West Germans who make of this "multicolored soap bubbles." [redacted] 25X1

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The European Community and the Lome Convention

The European Community is currently negotiating with 54 African, Caribbean, and Pacific (ACP) countries the renewal of the Lome Convention, a trade, aid, and cooperation agreement instituted in 1975 and due to expire in 1980. The talks bring into sharp focus the intensely political character of the Community's economic association with the ACP countries. They also illustrate important elements of an emerging, if still inchoate, West European strategy for global economic restructuring and development.

Political Dimensions

The Lome Convention provides a contemporary framework that allows the West Europeans to preserve a part of their political presence and influence in former colonies. Like the earlier Yaounde Conventions, trade and aid agreements between the EC and former French and Belgian territories in Africa, the Lome Convention evokes the special cultural and historical links that developed during the colonial era. Although both the Community and the ACP countries want to diversify their external relations, these bonds still encourage among West Europeans a sense of responsibility for--and privileged access to--their Lome partners. Some EC officials suggest that only in the setting of such a close relationship can development aid be effective.

Economic aid and involvement under the Lome Convention, West Europeans also argue, help promote moderation on the part of Third World governments whose political fragility and vulnerability to extremism are intensified by economic duress. This is especially important for the Community in Africa, a sensitive region whose welfare affects Western Europe because of geographic propinquity and mutual economic dependence.

These factors also reinforce the West Europeans' desire to counter the expansion of Soviet political

influence in Africa, and in their view Lome is especially well suited to such an effort. As an economic association, it links the African countries to the West without political or ideological preconditions, and it facilitates the flow of economic and technical aid that West Europeans hope will allow some developing African countries to move away from political dependence on the Soviets. Thus Angola, which needs massive assistance that the Soviets and Cubans cannot or will not provide, now seek extensive contacts with the West, including active discussions on membership in the renewed Lome Convention. Mozambique may also join, and the Community has made clear that an independent Namibia would also be eligible.

Although Lome attracts many Third World countries precisely because it claims not to set political conditions for aid, the West Europeans want to include in Lome II certain provisions on human rights. This desire grew partly from their frustration at having no legal means, under the present convention, to restrict aid to the Amin regime in Uganda when it flagrantly violated human rights.

The UK has been the strongest advocate of a human rights standard "with teeth" in Lome; other West Europeans, especially the French, are more reserved. Nearly all the ACP countries are opposed to such a provision because it could allow excessive Community interference in their internal affairs. The new convention will almost surely include a preambular reference to human rights, but a firm legal requirement that certain standards be met as a condition of trade preferences or aid is far less likely. The Community may, however, declare unilaterally its intent to take restrictive measures against ACP countries that violate human rights norms.

Economic Restructuring

Community officials, especially Development Commissioner Claud Cheysson, have argued that the advanced industrial nations would serve their own interests best by major programs of economic and technical aid to developing countries, because such programs, especially if they attract financial support from the Arab oil exporting countries, would sharply increase demand in the developing world for advanced countries' goods and services. The West Europeans, these officials say, are especially

dependent on exports for their recovery from the recent recession and for their economic prosperity generally. With Japan, they have a special interest in a strategy that aims to use the development of the Third World to create a new engine for world economic growth.

At the same time, West European leaders believe they must gradually adjust their own industrial structures away from older industries like textiles and toward more advanced services and high technology products in which they have a comparative advantage over the developing world. As Cheysson has said, with massive aid to the developing countries, "European industry will be able to use this dynamic to carry out gradually its own structural reorganization."

In the Lome Convention, the Community has begun industrial cooperation programs that aim toward this fledgling strategy. It has also established the STABEX system, which helps stabilize the export earnings of the ACP countries from a range of agricultural products and iron ore they sell to the EC.

The Commission has also proposed piloting, within the Lome Convention, a wide-ranging plan for energy cooperation with Third World countries. This plan would encourage their development of indigenous energy sources, especially renewable ones, and their avoidance of a heavily petroleum-dependent model for economic development. EC officials believe such a plan could help alleviate oil shortfalls expected in the coming decade.

But all these formulas are highly vulnerable to the tensions that have arisen--among West Europeans as well as between rich and poor countries--as a result of contemporary global economic constraints. The Lome II negotiations now under way illustrate those tensions well.

Issues in Lome II

STABEX. The Community envisioned maintaining the STABEX system for Lome II, probably with the addition of copper to the list of commodities it covers. But the ACP countries have presented a request for massive enlargement of the system aimed at guaranteeing their overall capacity to import, covering shortfalls in their exports

to all countries rather than just the EC, and allowing all ACP countries, not just the poorest, exemption from repaying funds they receive under the system.

Cheysson has responded that such a transformation is impossible and would destroy STABEX entirely were it attempted. The ACP proposal reflects the maximum demands of these countries, who will temper their position as the talks proceed. But it also reveals the extent to which the Community, when it emphasizes its sympathy with the developing countries' needs, opens itself to radical demands.

Labor standards. The Commission has itself proposed a radical new labor provision for Lome. Spurred on by the European Trade Unions Confederation, Cheysson has urged that International Labor Organization (ILO) standards--particularly those of length of the work week, nondiscrimination in employment, child labor, and occupational health and safety--must be satisfied by all recipients of EC trade preferences and aid. Under his proposal, the ILO itself would be asked to report on alleged violations of such labor standards, and the Community could move to restrict benefits on the basis of that report.

Cheysson's proposal is dramatic not only because it clashes with the developing countries' resistance to what they view as interference in their internal affairs, but also because it moves beyond the Lome framework to involve a global organization whose political role is currently a subject of intense dispute. For European trade unions, moreover, a worldwide fair labor standard means protection not only for the welfare of workers in the Third World, but also against competition from products like textiles that low-wage countries export to the Community.

Industrial cooperation and trade consultations. The ACP countries are eager to receive expanded EC aid for industries that they believe are most suited to their development needs--especially those that would complement the agricultural sector and those that would promote technological development. In turn, the Community wants to set up regular consultations on trade and industrial development with the ACP countries. These would aim at

signaling potential trade problems between the Lome partners and at guiding ACP industrial development in ways that would "complement" the Community's own economic evolution as well as enhance ACP development. Some Europeans as well as ACP officials view this proposal as flagrantly protectionist in intent and will resist its inclusion in Lome II.

Other issues. Other major issues in the negotiations, which the Community expects will be "long and difficult," are the duration of the new agreement; investment protection; revisions of the special protocols on bananas, sugar, and rum; and fisheries. A ministerial session is planned for December, and another round of negotiations will resume in January. These are to conclude with a final ministerial meeting in March 1979, in order to allow time for ratification of the new convention before March 1980 when the present agreement expires.

Beyond Lome

The Community's links with the Lome associates are complicated by the overlapping and competing relationships the EC maintains with other developing countries, especially the Mediterranean, Latin American, and ASEAN states.

Under its Mediterranean policy, the EC has special preferential trade agreements with a range of North African and Mashrek states as well as Israel. Except for Israel, these countries also take part in the Euro-Arab dialogue, a series of discussions begun after the oil embargo of 1973-74 aimed at intense mutual economic interaction between the Community and Arab League countries. The EC countries hope that their technical and development support will help ensure unrestricted access to Arab oil for EC countries.

In the EC view, the Arab countries could use their oil income not only to finance their own economic development, but also to contribute to development programs in the Lome countries. This is the "Euro-Arab-African triangle" that Cheysson has proposed. But the Arabs have been hesitant to finance programs discussed in the dialogue focusing on their own acquisition of European technology and skills, much less to help meet the needs of other developing countries on a large scale.

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In relations with both ASEAN and Latin America, the Community is under pressure to grant concessions and aid on a scale closer to what it offers in the Lome Convention. At this week's EC-ASEAN ministerial meeting in Brussels, for example, the ASEAN countries are asking the EC to agree to a STABEX plan for their major products. The Community believes it must refuse for fear that instituting such a plan outside Lome would not only exceed EC financial resources, but also set a precedent for similar demands from other nonassociates.

The Community's links to Latin America have not developed extensively, partly due to divisions among the Latin countries themselves. This week, 25 members of the Latin American Economic System (SELA) are meeting in Montevideo to develop a joint position on trade and investment relations with EC. Of these, five Caribbean countries are also Lome associates whose exports to the EC have risen sharply this year. The ACP share in EC foreign trade also rose rapidly in 1977. By contrast, the value of the SELA countries' exports to the EC has gradually declined as has their share in the Community's foreign trade.

These implicit or explicit tensions between Lome associates and nonassociated developing countries mirror the EC's own selective approach to development assistance and North-South issues. Although West German officials have proposed "globalizing" Lome's STABEX system--in preference to global commodity agreements or variants of a common fund that would interfere more sharply with the free market--the Community cannot itself afford to extend the Lome Convention to all developing countries. Nor does it wish to concede its right to discriminate among developing countries--whether on cultural, geographic, or political grounds--in favor of some universal North-South program.

At the same time, Community policymakers believe that the Lome Convention offers several model elements of a constructive and dynamic global North-South relationship, and that it already provides a major component in a North-South structure based on individual needs and special ties as well as global measures.

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Belgium: Discord With Devolution Plans

The dissolution of Prime Minister Vanden Boeynant's three-week-old interim government last week sets the stage for elections on 17 December for a parliament whose major task will be revising the constitution. Earlier efforts to give greater autonomy to the Flemish and French-speaking communities did not succeed, and the present attempt promises to be equally difficult and protracted. The traditional mistrust between French and Flemish-speakers is intensifying, and the electoral campaign will probably fan the flames of that mistrust. Heated debates on the formation of a new government may last for months.

Decisions on important economic and defense issues will probably be deferred for several months because of the government's continued preoccupation with the devolution issue. In fact, concerned observers are questioning more seriously than ever whether the devolution issue might prove insoluble. Polls indicate that popular sentiment for devolution is waning. If the politicians are sensitive to this trend, they may be able to find a way to back out of this dilemma gracefully.

Linguistic Domination

The peaceful coexistence in Belgium between the linguistic communities has deteriorated rapidly over the past several years. The French speakers of Wallonia were the dominant tribe in Belgium for most of its history, and the Flemings resented Wallonia's disproportionate share of wealth and power. Since World War II, however, the scales have tipped in Flanders' favor. Today 56 percent of Belgians are Flemish, and per capita income is 18 percent higher in Flanders than in Wallonia. Wallonia has seen its coal, steel, and textile industries decline while Flemish shipping and businesses have

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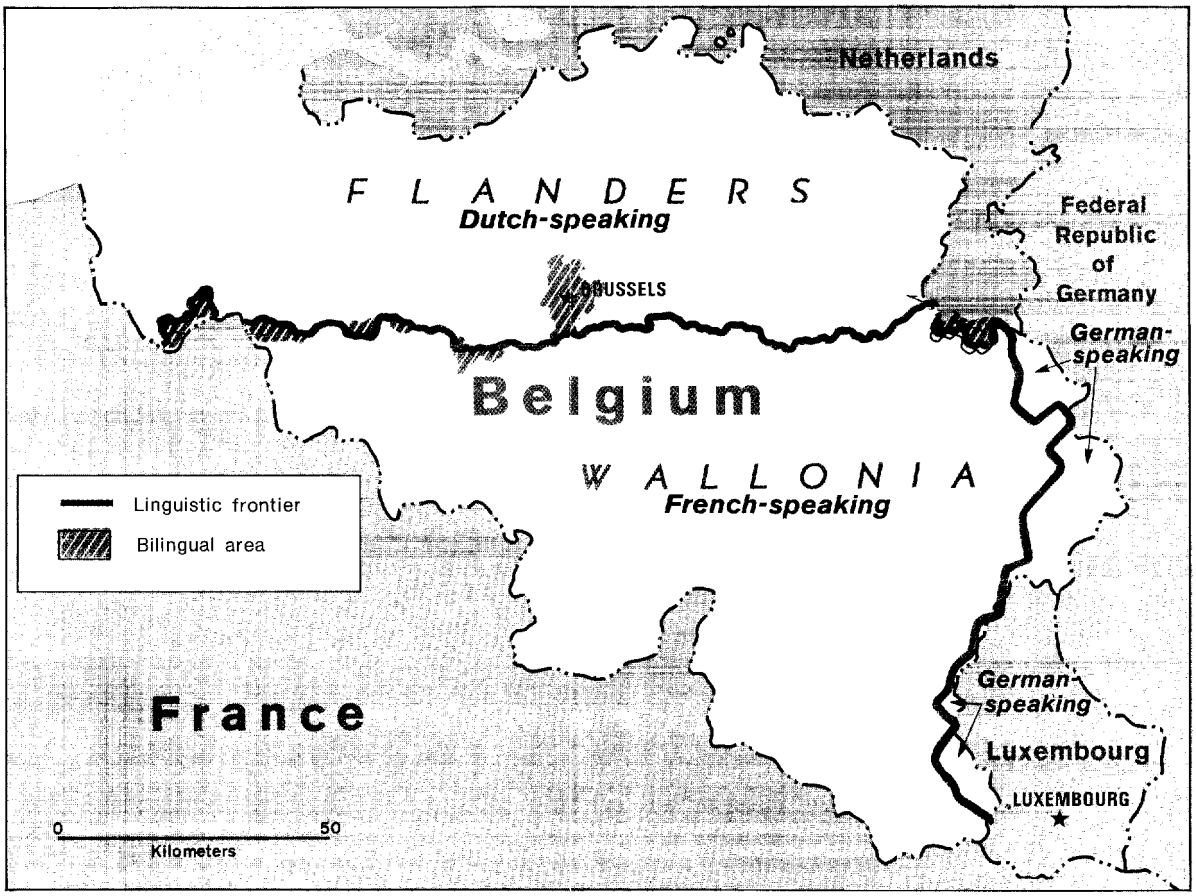

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prospered. This shift has made the Walloons even more determined to defend their privileges and the Flemings to resist Walloon attempts to regain more power, especially in the Brussels region.

In an attempt to ease tensions, Prime Minister Tindemans in June 1977 committed his government to a definitive reform of the Belgian state whereby substantial administrative and policymaking powers would devolve to regional and cultural entities. The Egmont-Stuyvenberg Accords on the structures of regional institutions in a devolved Belgium, hammered out by various commissions, were intended later to be incorporated into the Constitution. Portions, however, were declared unconstitutional in a surprise move by the Council of State last summer. Opponents of the Accords--mainly Flemish--seized this opportunity to scuttle the agreements so painstakingly worked out, while proponents--mainly French--argued fiercely to retain privileges granted in the Accords. Tindemans, unwilling to endure this squabbling within his own party and coalition any longer, resigned on 11 October.

Tribal Politics

The major national parties in Belgium--the Social Christians, the Socialists, and the Liberals--have had regional wings for some time, but their platforms had always remained ideological rather than purely linguistic. Signs now are pointing, however, to deeper splits between the wings of those parties and to a single-minded party focus on the devolution issue.

At the time of Tindemans' resignation, serious divisions surfaced within his own party, the Flemish Social Christians (CVP). A conservative faction of the party is solidly anti-French and opposes in principle the very idea of a regionalized Belgium. A moderate group seriously doubts whether the Accords can meet the high expectations of the people and sees the costs to the nation outweighing the benefits. Although acknowledging that Flemish power, especially the shipping and banking enterprises, will suffer with devolution, the moderates

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will go along with it. A third group favors devolution, albeit with as few concessions to French-speakers as possible, on the assumption that Flemings then will be better able to control their own affairs, particularly in the area of finance.

Tindemans and Martens

Wilfried Martens, the CVP president, has been able to hold the party together, but those who favor devolution may begin to align themselves more closely with the Flemish Socialists and the Volksunie--a party with political aims similar to the CVP federalists but without their traditional Catholic identification. Most Flemings who favor devolution, regardless of their party affiliation, are likely to push for a renegotiation of the Accords, claiming they give too much power to the French in and around Brussels.

The Walloon wing of the Social Christian Party--the PSC--is smaller and more unified than the Flemish wing and has minority status in Wallonia. Charles Nothomb, the party president, has declared his party's firm support for the Accords, and criticized Tindemans and the CVP for going back on their promise to uphold the Accords and precipitating a government crisis. PSC members, whose votes have always been crucial to the leadership status of the Social Christian Party in national politics, may find they have more in common with their fellow French-speakers, especially the residents of Brussels. They may decide to align themselves with the Walloon Socialists and the French Democratic Front (FDF).

Socialist Split

A formal split has recently been declared between the two wings of the Socialist Party, brought on by both ideological and regional differences. Flemish socialism has always tended more to the moderate German model than

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the radical Latin model. More fundamentally, Flemish Socialists have long been miffed by Francophone domination of a party drawing its support almost equally from Francophones (765,000 members) and Flemings (725,000).

On the Walloon side, the Flemish Socialists have long been seen as an impediment to Walloon Socialist president Cools' strategy of rallying a broad front of Francophones to challenge CVP and Flemish domination of Belgian politics. Other irritants were an uncomfortably (for Flemings) close association of the Socialist Party with the militant FDF--ideologically a center-right group--and the apparent willingness of Walloon Socialists to make public education a regional activity (anathema to Flemish Socialists).

Such a split will disorient the labor unions, mutual insurance funds, and other organizations who provide the underpinnings of the party. The Brussels Socialists, led by Foreign Minister Simonet, are the least happy with the split and will be forced to choose between the two linguistic wings. The two wings, however, will probably continue to cooperate on the most basic issues, including foreign policy matters.

Outlook

The coming election may mark the beginning of a new phase in Belgian party structure, with eight parties--not counting the Communists--narrowing to two. With the Flemish politicians now eager to revise the present terms of devolution and the French opposed to renegotiation, the spirit of compromise will be as elusive as it is essential. The increased polarization of politics in Belgium may be a reflection of popular and leadership frustration with the devolution issue. It could also be the precursor of some form of separation between the two communities with a much diminished central government, a disquieting prospect for an ally only slightly larger than Vermont.

The new prime minister will most likely come from the CVP, since Flemings are in the majority and the CVP is currently the strongest party. Martens has not ruled out the possibility of Tindemans becoming the next prime minister. Tindemans is the single most popular

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politician in Belgium, but given the circumstances of his resignation, he might not obtain the endorsement of the other party presidents, especially the French. Martens' candidacy has been suggested, but he is young for the job and this may not be the appropriate time in his career to assume that position. A compromise candidate from the PSC, such as Vanden Boeynants, is also a possibility.

If the electorate decides to support its pro-devolution candidates, the present coalition--unwieldy though it is--will probably be returned to power. The opposition Liberals criticize the Accords even more strongly than the CVP and therefore will probably lose votes. The Volksunie and the FDF will probably hold their own, since they represent the opposite ends of the political spectrum and their leaders emerged relatively unscathed from the recent crisis. The electorate may decide, however, that it has had enough of government wrangling over devolution and support moderate, unitarist candidates. In any event, the process of forming a new government may take months. [redacted] 25X1

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Mintoff's Diplomacy--Signs of Stress

With little more than four months to go before Britain withdraws from its military bases on Malta, Prime Minister Mintoff still has no commitment from either the Arabs or the West Europeans concerning economic assistance or neutrality guarantees, despite more than two years of complex negotiations aimed at securing a financial and security substitute for the British presence. Mintoff's repeated tactic of threatening to turn to Libya for the bulk of economic assistance--unless he receives the direct budgetary grants that he has demanded from the Europeans--has contributed to the stalemate. The West Europeans have consistently considered these threats empty. There are recent indications, however, that perhaps Mintoff is not bluffing; the Prime Minister's latest behavior suggest that perhaps Qadhafi has made him an acceptable offer or--more likely--he is moving cautiously to develop a closer relationship with Libya, presumably in the hope that the West Europeans would try to counterbalance Tripoli's influence with more attractive aid proposals.

Mintoff's Speeches--Possible Policy Direction

In late September, in a speech before the Council of Europe in Strasbourg, Mintoff again chided the West Europeans for their lack of interest in Malta's future. He contrasted their footdragging to Libya's rapid response to a request for military equipment for use in sea and air rescue and reiterated that he would seek closer ties with Libya if the West Europeans remained lethargic.

Then, in a speech this month to the General People's Congress in Tripoli, Mintoff praised Libya's past assistance to Malta and for the first time publicly stated his precise economic demands: he wants approximately $75 million per year for five years--roughly the equivalent of the direct and indirect British support he now receives. He is apparently willing to rely on Libya for

all of it, instead of dividing the amount equally between the West Europeans and Arabs as he has long proposed. He also stated that if Libya and Malta develop a close bilateral relationship--including an aid package--any subsequent agreements with the West Europeans would need the consent of both countries. Mintoff assured the Libyans that his government would remain pro-Libyan and support Arab causes even if Tripoli rejected his request for assistance.

Parliamentary Debate

Mintoff's statements in France and Libya aroused the opposition Nationalist Party and provoked a vigorous debate in parliament. For the first time since Mintoff assumed office in 1971, the opposition succeeded in putting him on the defensive. Opposition leader Fenech Adami effectively challenged the logic of Mintoff's policy. While he made it clear that the Nationalists would back Mintoff for the good of Malta, he stressed that they felt Mintoff's current policies were not in Malta's best interests. Fenech Adami reminded his colleagues that in two previous political campaigns Mintoff had pledged that Malta would be financially independent by 1979. Moreover, he derided the whole "recent concept" for the base facilities, asserting that a defense treaty would have likely given Malta a longer period of time to make the transition from an economically dependent military outpost to an independent peaceful economy.

The Nationalist leader also attacked Mintoff's apparent willingness to give Libya a say in Maltese foreign policy and argued that this kind of arrangement merely transfers Malta's dependence on the British to Libya. Finally, Fenech Adami criticized Mintoff's anti-Western rhetoric, specifically Mintoff's claim during the debate that the United States and NATO had "done much to harm" Malta but the Russians had not.

Strain in European Relations

Meanwhile, Maltese relations with Western Europe have been declining and two recent events could lead to a further deterioration in the diplomatic climate. Two

weeks ago, the European Economic Community--largely at Britain's urging--imposed import sanctions on certain Maltese textiles. Sales of Maltese goods were hurting the British textile industry and exceeded the terms of the EC/Malta association agreement. The sanctions will run only to the end of 1978 and should not significantly affect the Maltese economy since the materials amount to only about 5 percent of Malta's textile exports.

Nevertheless, the Maltese reacted strongly. They have already retaliated by closing the British Council (a cultural exchange institute) and banning the importation of British-origin EC textile products for at least the duration of the sanction. There are reports that boycotts of other British imports will follow. And Maltese labor will probably refuse to unload British cargo vessels.

Mintoff is incensed over the imposition of the sanction, claiming it will kill the textile industry. He says he is considering abrogation of the UK/Malta base facilities agreement and has even threatened to join the Arab League, for which Malta is ineligible.

Mintoff displayed his sensitivity to criticism again by declaring the president of the European Union of Christian Democratic parties, von Hassel, persona non grata shortly after his arrival in Malta to attend a meeting of the Union's political bureau. The government acted because of a statement by von Hassel alleging that "fundamental rights" were in danger in Malta. Von Hassel maintains his comments were translated incorrectly and that he had come to Malta with an open mind. He declined a government offer to debate his comments with a Maltese representative. The Christian Democratic organization issued a written protest against the Maltese action, adjourned their meeting, and reconvened in Brussels. For their part, the West Germans recalled their Ambassador to Malta for consultation. In seeking economic guarantees for Malta, Mintoff had approached the West Germans, who had been reluctant to commit themselves to his request. This incident will make Bonn even less responsive.

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Outlook

Mintoff's speeches, the parliamentary debate, the EC sanctions, and the von Hassel incident are all indicative of the stress under which the Maltese Government is currently operating. If the stalemate in Maltese - West European relations continues as the British withdrawal date draws near, the pressures pushing Mintoff toward a closer relationship with Libya are likely to increase.

A closer link with Libya would be unpopular with the Maltese people and could produce a domestic political backlash. If such an agreement resulted in an influential Libyan presence on Malta--either in terms of personnel or financial aid--Mintoff could find it more difficult to retain his strong personal control over Maltese affairs. That, in turn, could reduce Mintoff's ability to maintain another of his longstanding policies--resistance to Soviet overtures for a toehold on the islands. [redacted] 25X1

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